

Commission on Streamlining Government

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ADVISORY GROUP ON THE ELIMINATION OF DUPLICATIVE AND NON-ESSENTIAL SERVICES

APPROVED 09/22/09
MINUTES
MEETING OF
TUESDAY, September 8, 2009

I. CALL TO ORDER

A meeting of the Advisory Group on the Elimination of Duplicative and Non-Essential Services was held on Tuesday, September 8, 2009 in Senate Committee Room A at the State Capitol in Baton Rouge, Louisiana. The chairman, Barry Erwin, called the meeting to order at 1:06 p.m.

II. ROLL CALL

The chairman called the roll and the following was noted:

MEMBERS PRESENT

Barry Erwin, Chairman
Senator Jack Donahue
Tony Gordon
J. H. "Jay" Campbell, Jr.
Evans Spiceland

MEMBERS ABSENT

STAFF PRESENT

Dawn Romero Watson, Coordinator
Michelle Broussard-Johnson, Researcher
Shannon Simpson, Secretary
Mark Barnes, Budget Analyst
Shawn Hotstream, Legislative Fiscal Office, DHH/DSS Section Director
Renee Roberie, Legislative Auditor, Senior Auditor

WITNESSES:

Gerald A. Simmons, LA Dairy Processors
Elvige Cassard/Diana Edmonson, Terrebonne Council on Aging

III. DISCUSSION

Chairman Erwin made a motion to adopt minutes of August 25, 2009. There being no objection, the minutes were adopted.

Presentation by Kristy Nichols, Director of Social Services. A pass-out was provided.

Ms. Nichols discussed the business and programmatic recommendations for streamlining.

Senator Donahue discussed looking at the education attainment levels of youth being served by the Office of Juvenile Justice to the educational level. He also asked about the percentages of children in the SCHIP program and looking to see if they have a higher rate of involvement with the Juvenile Justice System than children who are not receiving SCHIP funding.

Ms. Nichols discussed behavioral health needs and said that 60%-75% of the children in the DSS system have behavioral health needs. OJJ and OCS contract with providers across the state for mental health services and substance abuse services. Many of the provider contracts are funded with state general funds and are not connected to the Medicaid system because it's behavioral health in orientation. Changes in case management and the system's design could improve outcomes and could reduce cost.

Senator Donahue discussed the mission of the OJJ versus the results that OJJ achieves.

Mr. Gordon discussed combining Louisiana Workforce Commission into DSS so that families would have a one-stop agency.

Ms. Nichols discussed taking out the job development parts of the service delivery system and out-source it to the Workforce Commission.

Mr. Campbell asked about what level of services that are mandated by the federal government.

Ms. Nichols said that the major federal resources go into vocational rehabilitation, the food stamp program, child care assistance, disability determinations and child welfare. The adjustments that were made to the Title 4E program, which is child welfare, did scale back the federal contribution to child welfare programs and did put the burden on the state. She said \$9 million was the reduction in federal funds for Title 4E in 2007 or 2008.

Ms. Nichols discussed the outcomes that the state is getting across the settings that are serving kids age 0-5 and making sure that the investment is achieving what the state wants to achieve

in terms of investments. The state is spending \$112 million for child care assistance for low income families as a subsidy to child care centers. For the cost of child care the state is spending another \$124 million in pre-K services and \$130 million in Head Start. There are about 88,800 kids served statewide, either in pre-K or LA 4 that are funded by federal or state government. That accounts for almost all of children living below 200% of the federal poverty level. An estimate of kids 0-5 that are below 200% of FPL is about 89,000. The state is spending about \$4,200 on average a year per child in this system.

Chairman Erwin discussed integration of LA 4 into DSS.

Senator Donahue noted that the state is spending \$367.3 million annually on 88,000 children, which is \$4,000 per child. Senator Donahue requested an analysis on what other states spend regarding this matter.

Ms. Nichols discussed different services that are provided to at-risk families. Ms. Nichols is disturbed that DSS sees children in the child welfare system that are significantly abused and neglected and the state has not prioritized some of the most at-risk kids.

Ms. Nichols said that in the food stamp program it is a requirement that if you are able-bodied and not working that you either be receiving job training or education to join the workforce. Of the 150,000 food stamp recipients that are able-bodied, 85,000 of these recipients are not receiving job training because there is no "food stamp job training program" in their area.

Ms. Nichols discussed Louisiana Rehabilitation Services which provides services to individuals with disabilities to move them into the workforce.

Ms. Nichols discussed a program called the "Four Month Job Search" and it is federally funded. It allows a person to look for a job for four months out of the year and be receiving the full child care assistance that that person is eligible for. It is within any given calendar year. It is a self report program. She said this is not good use for federal dollars.

Senator Donahue discussed the ratio of managers to employees and downsizing management. As a member of the committee he is going to recommend that the ratio be changed to 1:8 average. He wants Ms. Nichols to prepare a report on the amount of funds that will be saved by changing the manager-to-employee ratio.

Senator Donahue would like the streamlining staff to get together with DSS to be able to create a package regarding the supervisory categories for a ratio of 1:8 and come up with specific recommendations. He also requested to see what Ms. Nichols recommendations were, which would include a hiring freeze and would also give the committee information regarding the number of dollars that would be saved. Also, Senator Donahue wants to facilitate a meeting between DSS and DHH to iron out the solution to the problems about the single point of contact for clients who are in the program.

Mr. Campbell discussed statutory changes with DSS.

Ms. Nichols said that the biggest statutory changes were within DSS, Office of the Secretary, Rehabilitation Services, Office of Family Support and Office of Community Services. She also discussed fraud and abuse within the system.

Presentation by Curt Eysink, Executive Director and Benny Soulier of the Louisiana Workforce Commission. A pass-out was provided.

Mr. Eysink said his recommendations are centered around the LWC becoming more efficient and having a bigger impact. The vast majority of LWC's funding is from statutory dedications and is federally funded. LWC gets \$196,517,033 in federal funding, \$19,095,643 in interagency transfer (also federal funding), and \$114,090,550 in statutory dedications. There are about \$1.8 million in general funds which were rolled over from last year to finish off projects. LWC is not a general fund agency.

Mr. Erwin discussed integration with DSS, job training, and revenue streams.

Mr. Gordon discussed disability services for veterans. He also asked about merging DSS with the LA Workforce Commission.

Mr. Campbell discussed the report issued on the worker's compensation Second Injury Fund. There are questions about whether the fund is working as intended and its continued usefulness.

Presentation by Charles Castille, Undersecretary for the Department of Health and Hospitals.

Mr. Castille discussed DHH's budget which is \$1.8 billion. The biggest part of this budget is in the Medicaid program. Currently, this program is funded with 80% federal funding and 20% state general funding.

Mr. Castille said that DHH needs to get away from the actual service provision and that there are groups within the governor's office that provide the same services as DHH.

Mr. Erwin asked if there were any particular obstacles that the committee can help with.

Senator Donahue discussed the mid-year budget cuts for fiscal 2009 and cuts for fiscal year 2010.

Mr. Castille discussed potential substantial savings of money regarding the Charity Hospital. He also discussed FEMA funding for the a new hospital in New Orleans.

Senator Donahue discussed the need for an updated business plan and needs assessment for the \$1.2 billion state investment in a new hospital in New Orleans.

Chairman Erwin discussed a study or needs assessment by DHH regarding developmental disability facilities.

Mr. Castille discussed privatization of some developmental disabilities services.

Mr. Campbell asked if the state has a vision to move away from operating brick and mortar, and providing services as opposed to providing benefits.

Mr. Castille said that the Medicaid program pays claims on a fee-for-service basis. He said DHH would like to get out of that business and move to a managed care model that would be more like the private sector with an insurance-type component.

Gerald A. Simmons discussed the program that administers the Louisiana sanitary code as it deals with testing milk at the process level and the producer level. This program is established under DHH. The Dept. of Agriculture does not have a dairy division.

Elvige Cassard and Diana Edmonson discussed the Terrebonne Council on Aging.

Presentation by Dr. Jim Richardson regarding state spending caps.

Dr. Richardson discussed capping the spending of mineral revenues for general fund purposes, where anything above the cap would go into some type of permanent endowment, a capital outlay fund or some other fund that the Legislature believes would be in the best interest of the state. This would separate a portion of mineral revenues from the state general fund in an effort to reduce the vulnerability of general fund to the volatility of the energy markets. He said the state depends too much on oil and gas and gas revenues.

Senator Donahue questioned how this would be structured.

Dr. Richardson suggested that the best way to cap spending or taper dependence on mineral revenue is to prevent or cap money coming into the general fund and perhaps place it in another fund for specific uses authorized by the Legislature.

Mr. Campbell discussed modifying the Constitution of the State of Louisiana to reflect the long term growth and economic development priorities of the state. He also discussed the need for a constitutional re-write, major amendments, or a constitutional convention to set the priorities in the state from a budgetary/revenue protection standpoint.

Dr. Richardson discussed the MFP for elementary and secondary education in the and the fact that it is protected and placed in the constitution. He also discussed the possibility of placing limitations on taxes in the constitution.

Presentation by Jerry Jones regarding management of state buildings.

Maureen Clary testified that she works in the field of affordable housing and workforce housing. She has a twenty year career in real estate management, investment management, multifamily management, and real estate development.

She testified that currently the state cannot answer basic questions regarding state buildings such as overall levels of rents, expenses, and net-operating income. She said it is difficult to ascertain what costs are because state accounting is not done the same as it is in the private sector. The total state owned real estate portfolio is in excess of 100,000,000 square feet if universities and hospitals are included. The question that should be asked is how does the state get a handle on what it costs to manage and operate the real estate it owns and would it be cheaper outsourced.

Senator Donahue discussed having state buildings privately managed and whether that would save the state dollars. He requested that staff put together the cost that the state expends to manage state buildings.

Jerry Jones said the state has a state lands and buildings data base. The Commissioner of Administration allocates (under the statutes) space to agencies. Once the agencies get allocated a building, the management and control of that asset goes to that agency. He said departments such as DHH, DSS, and Corrections and all of the universities are responsible for managing their own buildings and there is no centralized management. Billy Wilson (Office of State Buildings) is developing maintenance standards for all buildings. He said currently there is about \$2.2 billion in deferred maintenance in all of state buildings.

Mr. Campbell discussed rent or use agreements with the state agencies to maintain their buildings.

Billy Wilson indicated that the Division of Administration intends to issue an RFP to outsource the management of the buildings that it controls (6,000,000 square feet). Based on the responses to the RFP, the Division will determine whether it will be a cost saving measure. They are working to establish an apples-to-apples comparison for all operations and maintenance functions that the state performs on those buildings, in addition to the value added benefits that sometimes don't show up.

Senator Donahue asked that all the state's costs be captured in the RFP so it can be evaluated properly.

Maureen Clary discussed state leasing.

Chairman Erwin discussed extra space for leasing opportunities on school campuses.

Mr. Jones said that he has proposed as a policy that all state-owned buildings should be managed by the Division. The present situation provides that they are managed by the Department occupying them. Consequently, space utilization is up to the agency and since this is not their mission, they do not typically evaluate whether the space is over or under utilized. Again, only 6,000,000,00 square footage of space out of the state's 100,000,000 in square footage is directly managed by the Division.

Mr. Spiceland discussed the need for a control mechanism so that once there is a downsizing or readjustment of a department's mission, there is an evaluation of space utilization and movement of state agencies leasing space into state-owned properties.

Renee Roberie and Mike Battle from the Legislative Auditor's office discussed the update the pending audit on the executive branch for duplication, overlap and fragmentation. They are hoping to be in a position to issue a report in November, but may not be in time for the Advisory Group to use for recommendations.

ADJOURNMENT

Senator Donahue made a motion to adjourn, without objection. There being no further business, the meeting was adjourned at 4:36 p.m.

APPROVED 09/22/09

Barry Erwin, *Chairman*

Date